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South Carolina House of Representatives

Legislative Update

David H. Wilkins, Speaker of the House

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STATE DOCUMENTS

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CONTENTS

Week in Review 02

House Committee Action 15

Bills Introduced in the House This Week 26

OFFICE OF RESEARCH

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WEEK IN REVIEW

HOUSE

The House of Representatives adopted and sent to the Senate **H.3956**, a concurrent resolution **AUTHORIZING THE GENERAL ASSEMBLY TO MEET DURING THE LEGISLATIVE INTERIM TO ADDRESS REDISTRICTING AND OTHER MATTERS**. The concurrent resolution provides for times during the legislative interim during which the General Assembly is authorized to consider redistricting matters, state lottery legislation, conference reports, gubernatorial vetoes, and other specified matters. The concurrent resolution authorizes the Speaker of the House and President Pro Tempore of the Senate, by mutual consent, to call their respective into statewide session to consider any matters listed in the resolution through the end of the calendar year.

The House sent **H.3438** to the Senate. This bill **REQUIRES A TWO-THIRDS VOTE OF THE MEMBERSHIP OF THE HOUSE AND A TWO-THIRDS VOTE OF THE MEMBERSHIP OF THE SENATE FOR THE IMPOSITION OF A NEW OR INCREASED GENERAL TAX**. A general tax is a tax which applies to over fifty percent of the population as a whole.

The House amended, approved, and sent to the Senate **H.3272, THE DENNY WOODALL NEILSON NASCAR SPECIAL LICENSE PLATES ACT**. The bill authorizes the Department of Public Safety to issue special NASCAR license plates imprinted with an emblem, a seal, or other symbol appropriate to NASCAR or a NASCAR driver or team. The bill so as to provide for special NASCAR or NASCAR driver or team collector license plates which may not be displayed on any vehicle registered or required to be registered in this State. The bill provides that fees for the plates must be deposited by the Comptroller General into a special restricted account and after costs of producing the plates have been satisfied, remaining funds must be distributed as follows: one-half deposited into a special account established within and administered by the Department of Social Services, which shall distribute at least one-half of the funds to the South Carolina Children's Emergency Shelter Foundation for the benefit of the South Carolina children's emergency shelters; one-fourth deposited in a special account designated the "South Carolina Sports Development Office Fund," with the funds to be used to promote the South Carolina Sports Development Office; and one-fourth deposited in a special account within, and administered by, the Department of Public Safety (DPS) and designated the "NASCAR License Plate Highway Safety Fund," for use by DPS to promote highway safety in conjunction with the Department of Transportation and NASCAR or a NASCAR driver or team.

The House amended, approved, and sent to the Senate **H.3364**, which concerns **STANDARDS FOR HIGH SCHOOL DIPLOMAS**. This bill requires that if any state licensing, appointment, election, admission, employment, or other procedure requires possession of a high school diploma or its equivalent, no such diploma or

certificate shall be acceptable unless the state board of education certifies that the standards of the institution granting the diploma or certificate or the standards of any testing, the results of which are the basis for granting the diploma or certificate, are at least comparable to those of this state. The provisions of the bill also apply to correspondence diplomas and provide criteria for their approval. The legislation provides that it is unlawful for a person to use, falsify, or alter a transcript, diploma, or the high school equivalency diploma known as GED from any high school, college or university, technical college, the South Carolina Department of Education, or other entity for the purpose of fraudulently avoiding the requirements of this bill or for other unlawful purposes. Penalties are provided.

The House approved and sent to the Senate **H.3600**. Currently, in setting the **CRITERIA FOR THE ACADEMIC PERFORMANCE RATINGS AND THE PERFORMANCE INDICATORS**, the Education Oversight Committee reports the performance by subgroups of students in the school and schools similar in student characteristics, and consideration of these factors must be given only in the improvement rating. This bill provides that the committee shall consider these criteria in all ratings.

The House approved and sent to the Senate **H.3602**, which **ADDS THE STATE SUPERINTENDENT OF EDUCATION OR THE SUPERINTENDENT'S DESIGNEE AS A NON-VOTING, EX OFFICIO MEMBER OF THE EDUCATION OVERSIGHT COMMITTEE**.

The House approved and sent to the Senate **H.3603**, which **DELETES THE REQUIREMENT THAT A STANDARDS-BASED ASSESSMENT WILL BE DEVELOPED FOR GRADES ONE AND TWO** for use by schools and districts as deemed appropriate by district officials.

The House returned **S.484** to the Senate with amendments. The bill increases from four and one quarter to five percent of compensation, the minimum employer contribution under the optional retirement program for publicly-supported four-year and postgraduate institutions of higher education. **S.484** renames the optional retirement program for teachers and school administrators as the **"STATE OPTIONAL RETIREMENT PROGRAM"** (ORP). The ORP is a defined contribution plan. Employees of a school district, four-year and postgraduate institution of higher education supported and under the control of the State, a technical college supported and under the control of the State, and the State or any of its departments, agencies, bureaus, commission, and institutions are eligible to participate in the ORP so long as they were hired by certain dates. Note that an employee is not eligible to participate in the ORP unless the employee is eligible for membership in the South Carolina Retirement System (SCRS). If an eligible employee fails to make the initial election within the required time, the employee is considered to have elected membership in the SCRS. An eligible employee electing to participate in the ORP assumes all investment risk. An election to participate in the ORP is irrevocable except that an eligible employee may irrevocably elect to join the SCRS during the fifth calendar year after initial enrollment in the ORP. All participants in the Optional Retirement Program for Teachers and School

Administrators on July 1, 2001, and the Optional Retirement Program for Publicly-Supported Four-Year and Postgraduate Institutions of Higher Education on July 1, 2002, thereafter are participants in the State ORP. Under **S.484**, the following retirement and death benefit payment options may be provided for a participant in the ORP: annuities, lump-sum distributions, partial distributions, or periodic withdrawals, whether through individual annuity contracts or mutual funds or individual certificates issued for group annuity contracts, fixed, or variable in nature, or a combination of them. Also, group life insurance benefits may be paid by the State for service rendered while participating in the ORP under the same requirements set out for participants in the SCRS's defined benefit plan. However, a postretirement group life insurance benefit must not be paid by the State for service rendered while participating in the ORP. The bill revises an existing provision under which a member of the General Assembly may draw retirement benefits and continue to serve in the General Assembly by providing for new criteria of seventy-five years of age and twenty-five years of service. The bill provides for a process under which a member of the General Assembly who has twenty-eight years of service regardless of age may retire and draw a retirement benefit while continuing to serve in the General Assembly.

The House approved and ordered enrolled for ratification **S.205**. Current law requires **THE MINORITY AFFAIRS COMMISSION** to meet at least monthly to study the causes and effects of the socio-economic deprivation of minorities in the State and to implement programs necessary to address inequities confronting minorities in the State. Under this bill, the commission would meet quarterly and at other times as the chairman determines necessary.

The House approved and sent to the Senate **H.3480**, relating to the **OPERATION OF VEHICLES ON APPROACH OF AUTHORIZED EMERGENCY VEHICLES**. Under this bill, when an emergency vehicle makes use of a visual or audible signal, the driver of every other vehicle must yield the right-of-way to the emergency vehicle. Under the bill, a driver traveling along a two-lane roadway must comply with existing requirements of moving to the curb or edge of the road and stopping as provided. The bill provides a new requirement for multilane roadways. A driver of a vehicle traveling along a multilane roadway shall yield the right-of-way and shall remain in, or move to a location that allows the emergency vehicle or police vehicle to pass safely, except as otherwise directed by a police officer.

The House amended, approved, and sent to the Senate **H.3545**. The bill provides for the **"LAW ENFORCEMENT OR AUTHORIZED EMERGENCY VEHICLE SAFETY ZONE,"** defined as the area that immediately surrounds a law enforcement or an authorized emergency vehicle making use of an audible or visual signal meeting requirements specified in the Uniform Act Regulating Traffic on Highways. The bill provides that a motor vehicle traveling through such a safety zone must: (1) not exceed the posted speed limit; (2) yield the right-of-way to a law enforcement vehicle; and (3) move to a lane away from the officer safety zone, if possible. A driver of a motor vehicle who violates these provisions is guilty of a misdemeanor and, upon conviction, must be fined one hundred dollars.

The House amended, approved, and sent to the Senate **H.3117**. This bill **REQUIRES DPS TO SUSPEND THE DRIVER'S LICENSE AND MOTOR VEHICLE REGISTRATION OF A PERSON WHO FAILS TO PAY PERSONAL PROPERTY TAX ON A VEHICLE**. The request to suspend must be an electronic notification from the county treasurer of the county where the tax is delinquent, and the county treasurer must notify the delinquent taxpayer by letter before the electronic notification is sent to DPS. The bill includes a provision that the county shall allow 30 days for payment of taxes before notifying DPS to suspend the delinquent taxpayer's license and vehicle registration. The bill provides that a charge of driving under suspension when the suspension is solely for failure to pay property taxes or the reinstatement fee required for the property tax suspension will not require proof of financial responsibility. Penalties are provided for first, second, and third or subsequent charges of driving under suspension when the suspension is solely for failure to pay property taxes or the reinstatement fee required for the property tax suspension, and includes a provision that such a charge of driving under suspension must be dismissed if the person provides proof on their court date that the personal property taxes on the vehicle which resulted in the charge being issued have been paid. The bill provides for a fifty dollar fee for reinstatement of a driver's license or vehicle registration suspended due to violation of the provisions of the bill, and provides for the use of revenue from this fine.

The House approved and sent to the Senate **H.3601**, a bill requiring the seller of real property to provide the purchaser with a **PROPERTY CONDITION DISCLOSURE STATEMENT**. This bill provides that the owner of certain residential real property shall furnish to a purchaser a written residential property statement, the form of which is to be established by the Real Estate Commission, disclosing those items that are relative to the condition of the property and of which the owner has actual knowledge. The disclosure form would also afford the owner the option of indicating that he is making no representations as to any condition. Exemptions from this requirement are provided. The legislation imposes duties on owners and real estate licensees in regard to the requirements.

The House approved and sent to the Senate **H.3731**, a bill revising procedures for conducting **EXAMINATIONS FOR LICENSURE OF CERTIFIED PUBLIC ACCOUNTANTS**. The bill revises time frames for providing notice of examination dates and for submitting applications for examination. The legislation authorizes the South Carolina Board of Accountancy to engage third parties to assist with administrative responsibilities for administering examinations. The legislation also revises references to the type of examinations to be given. Currently, the board administers a written, standardized examination provided by the American Institute of Certified Public Accountancy (AICPA). Revisions in this legislation allow South Carolina to make use of the AICPA's forthcoming computerized version of its examination.

The House amended, approved, and sent to the Senate **H.3479**, pertaining to **MANUFACTURERS, BREWERS, AND IMPORTERS OF BEER**. Under the bill, it is an unfair trade practice for any manufacturer, brewer, or importer of beer or its affiliate holding an interest in a limited partnership providing financial assistance to a general

partner wholesaler to have directly or indirectly any managerial control or decision-making authority, including personnel decisions, with respect to the day-to-day operations of the limited partnership. A violation of this legislation is deemed to be a violation of the South Carolina Unfair Trade Practices Act.

The House amended, approved, and sent to the Senate **H.3565**. This bill **EXEMPTS NEWSPAPER CARRIERS FROM THE MANDATORY USE OF SAFETY BELTS** in motor vehicles while engaged in the delivery of newspapers along the carrier's specified newspaper delivery route.

The House approved and sent to the Senate **H.3920**. This bill provides for the issuance, distribution, design, and fee for **SPECIAL SERTOMA INTERNATIONAL LICENSE PLATES**. The bill also provides that the fees, after costs have been satisfied, must be distributed to the "Camp Sertoma Fund."

The House amended, approved, and sent to the Senate **H.3639**. This bill transfers duties and responsibilities for development and management of the existing **NATIONAL GUARD STUDENT LOAN PROGRAM** to the State Commission on Higher Education, in consultation with the staff of the S.C. Student Loan Corporation. This program, offered as an enlistment or retention incentive for service in the National Guard in areas of critical need, is currently managed by the State Adjutant General, in consultation with the S.C. Student Loan Corporation. The bill provides that no more than ten percent of the funds annually appropriated to the Commission on Higher Education may be for the cost of administering the program.

The House amended, approved, and sent to the Senate **H.3287**. This bill authorizes the Division of Veterans' Affairs to establish one or more **VETERANS' CEMETERIES** in the State for the burial of veterans and their immediate families. The Division will be responsible for the acquisition, maintenance and operation of the cemeteries. The legislation allows the Division to accept land in the name of the State or acquire land for the cemeteries upon approval of: 1) the governing body of the county where the cemetery is to be located; 2) the General Assembly delegation for the county where the cemetery is to be located; and 3) the Budget and Control Board. The bill requires the Division to give priority to land near a national memorial battle site and it allows the Division to accept or purchase federal land that was once a military base. The legislation specifies qualifications that must be met in order to be eligible for burial in a state veterans' cemetery.

The House amended, approved and sent to the Senate **H.3644**. This Joint Resolution establishes a **COMMITTEE TO STUDY CERTAIN ISSUES AFFECTING VETERANS**. The specific issues include: (1) the feasibility of constructing a fourth state veterans' nursing home; (2) recommendations about improvements to existing veterans' nursing home facilities; (3) the accessibility and availability veterans have to existing nursing and adult daycare facilities; (4) how the State should maximize the use of state tax revenue to benefit veterans; and (5) a projection of the State's veteran population growth for the next 20 years. The committee would be comprised of three Senators, appointed by the President of the Senate, and three Representatives, appointed by the Speaker of the House. The members of the

committee would elect a chairperson and a vice-chairperson. The Committee would meet as often as necessary and at any location in the State in order to prepare a written report of its findings and recommendations. The report would be presented to both houses of the General Assembly and to the Governor by June 1, 2002 at which time the committee would be dissolved and the joint resolution expires. The committee would receive clerical and related assistance from the staffs of the Senate and of the House of Representatives. Committee members and staff would not receive compensation for their duties but would be allowed the usual mileage, per diem, and subsistence as provided by law for members of state boards, committees, and commissions.

The House approved and sent to the Senate H.3706. This bill revises provisions relating to notice requirements, notice contents, and information to be provided to the General Assembly in connection with the promulgation and review of regulations, so as to require the **DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL TO PROVIDE THE SCIENTIFIC OR TECHNICAL BASIS AND ANY STUDIES USED IN DEVELOPING REGULATIONS**, including a summary of these studies. Copies of this information must also be available to the public.

The House amended, approved and sent to the Senate H.3657, a bill that **EXCLUDES GIFT CERTIFICATES FROM THE UNIFORM UNCLAIMED PROPERTY ACT**. Currently, gift certificates are included under the State's Uniform Unclaimed Property Act which protects consumers from losing money when they have bank accounts, stocks, bonds, uncashed payroll checks, and other items that have remained inactive for a period of five years. This bill eliminates gift certificates from this list of items so that they will not be presumed abandoned and turned over to the State if unclaimed for five years.

The House approved and sent to the Senate H.3599. This bill revises the definition of a **PEELER TRAP** in the South Carolina Marine Resources Act of 2000 so as to provide that such a trap may be baited with one single piece of fish having no dimension greater than three inches.

SENATE

H.3281 was ordered enrolled for ratification. This joint resolution establishes a three-year pilot program of **ALLIGATOR FARMING** for the purpose of determining the feasibility of alligator farming for poultry mortality disposal. Until July 1, 2004, any person eighteen or older may establish an alligator farm for the purpose of poultry mortality disposal by complying with certain terms, conditions, and provisions relating to participation in the pilot program of alligator farming for poultry mortality disposal.

H.3917 was also ordered enrolled for ratification. This legislation relates to the authorization of **STATE CAPITAL IMPROVEMENT BONDS**, so as to substitute revised projects for projects previously authorized for the Technical College of the

Legislative Update, April 24, 2001

Low Country and Aiken Technical College without changing the original authorization amounts.

The Senate nonconcurred in the House's amendments to **H.3288**, relating to the **BUSINESS OF MANUFACTURED HOUSING**. The House eliminated the provision under which the Governor's appointments to the South Carolina Manufactured Housing Board would be made with the advice and consent of the Senate. Senators Reese, Gregory, and Alexander were appointed to the Committee of Conference on the part of the Senate.

The Senate adopted and sent to the House **S.600**, a concurrent resolution to celebrate April 22, 2001, as **EARTH DAY**, to recognize the irreplaceable value of our environment and our natural resources, to recognize Fort Jackson for its efforts to preserve, protect, and enhance the environment, and to serve as a call to all South Carolinians to be responsible stewards of our environment.

The Senate approved and sent to the House **S.556**, a bill designating Camden Military Academy as the **OFFICIAL STATE MILITARY ACADEMY**.

S.559, relating to the **DEFINITION OF "GROSS PROCEEDS OF SALE,"** was approved by the Senate and sent to the House. This bill amends the definition of "gross proceeds of sale" so as to provide that the definition does not include interest, fees, or charges however described, imposed on a customer for late payment of a bill for electricity or natural gas, or both, whether or not sales tax is required to be paid on the underlying electricity or natural gas bill.

S.496, a bill enacting the **"SOUTH CAROLINA EDUCATION LOTTERY ACT"** was amended, read for the third time, and sent to the House. Highlights of the legislation include the following:

- The South Carolina Lottery Corporation (corporation) and its employees are subject to the South Carolina Consolidated Procurement Code, South Carolina Administrative Procedures Act (APA), South Carolina Ethics Reform Act, and South Carolina Freedom of Information Act.
- Beginning in December 2004 and every three years thereafter, the Legislative Audit Council must conduct a management performance audit of the South Carolina Lottery Corporation.
- The corporation has the authority to adopt temporary regulations to implement the provisions of this legislation. These temporary regulations are not considered regulations as defined by the APA; however, these temporary regulations have the force and effect of law. The only lottery games that may be played pursuant to these temporary regulations are instant tickets and on-line lottery games. A multistate lottery game must not be played under these temporary

Legislative Update, April 24, 2001

regulations and may be implemented only when regulations have been promulgated and take effect pursuant to the APA.

- The corporation is governed by a board composed of nine members to be appointed as follows, with mandatory inclusion from each of the state's congressional districts: (1) five members shall be appointed by the Governor with the advice and consent of the Senate, one of whom must be designated by the Governor an at-large member who shall serve as chairman of the board; of the remaining four members, none shall reside in the same congressional district as the others; (2) two members shall be appointed by the President Pro Tempore of the Senate, neither of whom may reside in the same congressional district as the other; and (3) two members shall be appointed by the Speaker of the House of Representatives, neither of whom may reside in the same congressional district as the other.
- Transit advertisements of lottery games or the sale of lottery tickets by the lottery corporation or a lottery vendor are prohibited, whether done directly or indirectly. This prohibition does not apply to lottery retailers.
- The corporation must issue permits to qualified private organizations to conduct raffles intended to raise money for charitable purposes. All proceeds from a raffle after payment of a prize must be expended only for tax exempt purposes of the sponsoring organization.
- The Governor must appoint a Lottery Retailer Advisory Board to be composed of ten lottery retailers, representing the broadest possible spectrum of geographical, racial, gender, and business characteristics of lottery retailers. The Governor also must appoint the chairman of the advisory board. The function of the advisory board is to advise the board on retail aspects of the lottery and to present the concerns of lottery retailers throughout the State. The Lottery Retailer Advisory Board may establish a consumer representatives committee to help provide additional insight on other aspects of lottery retail sales.
- The legislation states that it is the intent of the General Assembly that the corporation encourage participation by minority businesses.
- A person must not sell a lottery game ticket or share at a price other than that established by the corporation.
- Lottery game tickets or shares must not be sold to persons under eighteen years of age, but a person eighteen years of age or older may purchase lawfully lottery game tickets or shares and make a gift to a person of any age.

Legislative Update, April 24, 2001

- No lottery tickets or shares may be sold on the date of any general or primary election.
- During the first year in which the lottery is operational, one million dollars from net proceeds must be remitted to the State Treasurer to be credited to an account, separate and distinct from the general fund, entitled 'Problem and Compulsive Gambling Fund'.
- Unclaimed prize money in excess of the amount to effectuate the purposes of this section, not to exceed ten million dollars annually, must be credited to the South Carolina Department of Education for the purchase of school buses for public education.
- An individual who knowingly sells a lottery game ticket or share to a person under eighteen years of age or permits a person under eighteen years of age to play a lottery game is guilty of a misdemeanor and, upon conviction, must be fined not less than one hundred dollars nor more than two hundred dollars or be imprisoned not less than thirty days nor more than sixty days, or both, in the discretion of the court. It is an affirmative defense to a charge of a violation of this section that the retailer reasonably and in good faith relied upon representation of proof of age in making the sale.
- A person under eighteen years of age who knowingly purchases a lottery game ticket is guilty of a misdemeanor and, upon conviction, must be fined not less than twenty-five dollars and not more than one hundred dollars.
- A school district board of trustees must not authorize or order the expulsion, suspension, or transfer, of any pupil under the age of eighteen years who has been found guilty of a misdemeanor for knowingly purchasing a lottery game ticket.
- The corporation must operate as a self-sustaining, self-funded enterprise fund. Monies in the state general fund must not be used or obligated to pay the expenses of the corporation or prizes of the lottery, and a claim for the payment of an expense of the lottery or prizes of the lottery must not be made against any monies other than monies credited to the corporation operating account.
- There is created as a committee, the South Carolina Education Lottery Oversight Committee, to be composed of twelve members. The oversight committee must periodically, but at least annually, inquire into and review the operations of the corporation and review and evaluate the success with which the authority is accomplishing its statutory duties and functions. The oversight committee must also hold an annual public hearing and may conduct an independent audit or investigation of the authority as necessary.

Legislative Update, April 24, 2001

- From its lottery proceeds, the corporation must pay the operating expenses of the corporation. The second and succeeding years of operation of the lottery, the corporation also must pay operating expenses to the Commission on Higher Education and the Board for Technical and Comprehensive Education for the actual costs of activities related to implementation of activities and programs established by this legislation.
- The corporation must establish a prize structure for each lottery game that is based upon sound actuarial principles and does not rely upon proceeds generated from future or other lottery games. The corporation may establish a lottery reserve fund to further accomplish this purpose.
- On or before the twentieth day of each month, the corporation must transfer to the Education Lottery Account, the amount of all net proceeds during the preceding month. The Comptroller General must establish a restricted Education Lottery Account that the State Treasurer must use to account for net proceeds. These proceeds must not be commingled with any other funds.
- The **FIRST ONE HUNDRED MILLION DOLLARS** in the Education Lottery Account must be appropriated as follows:
 - (1) **fifty percent to the Commission on Higher Education** for free tuition at state technical colleges and two-year public institutions. Lottery tuition assistance at independent two-year institutions must be the same as the maximum in-state tuition rate at a two-year public institution;
 - (2) **thirty-eight percent for the SC HOPE Scholarship Program**; however, from these funds, the University of South Carolina-Aiken and the University of South Carolina-Spartanburg must be reimbursed the total cost of tuition for those students enrolled in the associate degree nursing program; this amount is in lieu of HOPE scholarships for those eligible students;
 - (3) **nine percent to the Department of Education** to be allocated as follows:
 - (a) **eighty-nine percent to K-12 school technology**; and
 - (b) **eleven percent to school-based grants** for pilot programs, to include programs providing deregulation as requested by school districts with an overall absolute or improved designation of average or better, with first priority given to schools reported as average, below average, or unsatisfactory in accordance with the Education Accountability Act;

(4) **one percent to the State Library** for public library state aid;

(5) **two percent to the Department of Education to fund homework centers**; these funds must be allocated to the local school districts based on a per pupil basis and may be used for salaries for certified teachers and for transportation costs, provided that priority in the distribution of funds must be given to schools designated as below average or unsatisfactory in accordance with the Education Accountability Act.

- The **REMAINING PROCEEDS** in the Lottery Education Account are appropriated as follows:

(1) **thirty percent to the Commission on Higher Education for state technical colleges and two-year public institutions for an "institutional impact fee"** to mitigate the impact of increased enrollment at these colleges and institutions as a result of the provision of free tuition;

(2) **forty percent to the Commission on Higher Education for higher education assistance**, including twenty percent for need-based grants, eight percent for tuition grants, eight percent for grants to teachers for advanced education with priority to annual grants earmarked for teachers working toward their masters' degree or advanced education in their areas of certification, or both, and four percent for the National Guard Tuition Repayment Program; a portion of the needs-based grants generated by the South Carolina Education Lottery must be designated to help off-set the cost of attendance of Pell Grant recipients at two-year public institutions; funding shall not be allocated to institutions to cover the cost of tuition for a student to the extent that a student's tuition is paid by other grants, scholarships, or other financial aid. A student must not receive reduced financial aid as a result of the implementation of this section;

(3) **twenty-seven percent to the Department of Education** to be allocated as follows:

(a) **twelve percent to K-12 school technology**;

(b) **twenty-two percent to school-based grants for pilot programs**, with first priority given to schools reported as average, below average, or unsatisfactory in accordance with the Education Accountability Act;

(c) **twenty-two percent to the Governor's Reading Initiative**;

(d) **twenty-two percent to the Department of Education to fund homework centers.** These funds must be allocated to the local school districts based on a per pupil basis and may be used for salaries for certified teachers and for transportation costs, provided that priority in the distribution of funds must be given to schools designated as below average or unsatisfactory in accordance with the Education Accountability Act; and

(e) **eleven percent to assist with the establishment of new magnet schools** with any carryover at the end of the fiscal year to be used at the discretion of the State Department of Education; and

(f) **eleven percent to assist with the establishment of new charter schools** with any carryover at the end of the fiscal year to be used at the discretion of the State Department of Education;

(4) **three percent to the State Library for public library state aid.**

JOINT ASSEMBLY

On Tuesday, April 17 2001, the House and Senate met in joint session for the purpose of electing members of the boards of trustees of various state institutions and to elect individuals to serve on the Legislative Audit Council. The following individuals were elected.

The Citadel

- The Honorable Dennis J. Rhoad was elected to the at-large position on the Board of Trustees for the Citadel for the term prescribed by law.

Coastal Carolina University

- The Honorable James F. Kane was elected to a position on the Board of Trustees for Coastal Carolina University, 2nd Congressional District, Seat #4 for the term prescribed by law.
- The Honorable William L. Lyles, Jr. was elected to a position on the Board of Trustees for Coastal Carolina University, 3rd Congressional District, Seat #6 for the term prescribed by law.

Legislative Update, April 24, 2001

- The Honorable Keith S. Smith was elected to a position on the Board of Trustees for Coastal Carolina University, 4th Congressional District, Seat #8 for the term prescribed by law.
- The Honorable Robert D. Brown was elected to a position on the Board of Trustees for Coastal Carolina University, 5th Congressional District, Seat #10 for the term prescribed by law.
- The Honorable Kathy B. Harvin was elected to a position on the Board of Trustees for Coastal Carolina University, 6th Congressional District, Seat #12 for the term prescribed by law.
- The Honorable Dean P. Hudson was elected to a position on the Board of Trustees for Coastal Carolina University, At-Large District, Seat #14 for the term prescribed by law.

College Of Charleston

- The Honorable Lawrence R. Miller was elected to a position on the Board of Trustees for the College of Charleston from the 4th District, Seat #8 for the term prescribed by law.

Francis Marion University

- The Honorable Bill Ellen was elected to a position on the Board of Trustees for Francis Marion University from the 2nd District, Seat #3, for the term prescribed by law.
- The Honorable L. Franklin Elmore was elected to a position on the Board of Trustees for Francis Marion University from the 4th District, Seat #7 for the term prescribed by law.

South Carolina State University

- The Honorable James W. Sanders was elected to a position on the Board of Trustees for South Carolina State University, 5th District, Seat #5 for the term prescribed by law.
- The Honorable Maurice Washington was elected to a position on the Board of Trustees for South Carolina State University, 6th District, Seat #6 for the term prescribed by law.
- The Honorable Neville Lorick was elected to a position on the Board of Trustees for South Carolina State University, At-Large District, Seat #8 for the term prescribed by law.

Legislative Update, April 24, 2001

- The Honorable William C. Clinkscales was elected to a position on the Board of Trustees for South Carolina State University, At-Large District, Seat #10 for the term prescribed by law.

Wil Lou Gray Opportunity School

- The Honorable Clotilda Diggs, the Honorable Russell E. Hart, the Honorable Dan Smith and the Honorable Elizabeth Thraikill were elected to the four positions on the Board of Trustees for the Wil Lou Gray Opportunity School, at-large positions for the terms prescribed by law.

Legislative Audit Council

- The Honorable Philip Laughridge of Columbia and the Honorable Henry Swink were elected to two positions on the Legislative Audit Council for the terms prescribed by law.

HOUSE COMMITTEE ACTION

AGRICULTURE, NATURAL RESOURCES, AND ENVIRONMENTAL AFFAIRS

The full Agriculture, Natural Resources, and Environmental Affairs Committee met on Wednesday, April 18, and gave a favorable report on **H.3838**, a bill pertaining to **DAMAGE OR DESTRUCTION OF RESEARCH FARM PRODUCTS**. The legislation provides that any person that maliciously damages or destroys any farm product and knows the product is grown for testing or research purposes in the context of product development in conjunction or coordination with a private research facility, a university, or any federal, state, or local government agency is guilty of a misdemeanor if the value of the farm product was less than two hundred dollars and, upon conviction, must be punished by a fine of not more than one thousand dollars or imprisonment for not more than one year, or both. If the value of the farm product is two hundred dollars or more, the person is guilty of a felony and, upon conviction, must be punished by a fine of not more than ten thousand dollars or imprisonment for not more than five years, or both. The term 'farm product' for purposes of this legislation means and includes horticultural, aquacultural, viticultural, forestry, floricultural, dairy, livestock, poultry, bee, and other products ordinarily produced on farms. The court may order the defendant to make restitution for the damage or destruction caused. For the purpose of awarding restitution under this section, the court shall determine the market value of the farm product prior to its damage or destruction and, in so doing, shall include the cost of production, research, testing, replacement, and product development directly related to the product damaged or destroyed. The offenses and penalties provided

in this legislation are supplemental and in addition to all other offenses and penalties provided by law.

EDUCATION AND PUBLIC WORKS

The Education and Public Works Committee gave a report of favorable with amendment to **H.3502**. **As reported by the Committee**, this bill authorizes the creation of "**COOPERATIVE EDUCATIONAL SERVICE CENTERS**," defined in the bill as nonprofit regional educational service units established by two or more school districts that may also include one or more "post-secondary institutions" (defined in the bill as institutions of higher learning), designed to provide supporting, instructional, administrative, or other services.

The bill requires school districts desiring to establish such a center to enter into a written agreement which includes specified information. The center shall then be formed through resolution of each of the governing boards of the participating districts or institutions. The agreement may be amended to admit additional districts or institutions. The bill provides that these centers are bodies corporate and politic and center employees are eligible to participate in the retirement and insurance plans available to employees of the participating entity.

The bill provides for a cooperative center board, and provides for its members' appointment, powers, and responsibilities. The bill delineates specific powers which may be granted to the center by the board, although the board may also grant additional powers to the center as the board deems appropriate. Services of the center would be financed by participating entities, and these funds may also be used to match funds from other sources, either public or private.

The bill provides for a participating entity of a center to decline participation in a specific center activity and provides that such an entity is not required to appropriate proportional funds for such activity. The bill also provides for a participating entity in a center to withdraw from a center, and provides for dissolution of a center.

The Committee gave a report of favorable with amendment to **H.3933**. **As reported by the Committee**, this bill includes revisions to current law regarding **BEGINNER'S PERMITS, PROVISIONAL LICENSES, SPECIAL RESTRICTED DRIVER'S LICENSES, AND DRIVER'S TRAINING**.

The bill provides that a beginner's permit is valid in the operation of vehicles between six a.m. and midnight, rather than "during the daylight hours," as is currently provided. The bill provides that a beginner's permit is valid in the operation of certain scooters and cycles between six a.m. and six p.m., except that beginning on the day that daylight savings time goes into effect through the day that daylight saving time ends, the permittee may operate these certain scooters and cycles between six a.m. and eight p.m. The bill provides that a permittee may not operate a motorcycle, motor scooter, or light motor-driven cycle at any other

time unless supervised by the permittee's motorcycle licensed parent or guardian. The bill also increases from ninety days to one hundred eighty days the period which a person must hold a beginner's permit before being eligible for full licensure.

The bill provides that in addition to current requirements, a driver must complete at least forty hours of driving practice, including at least ten hours of licensed parental- or guardian-supervised driving practice during darkness, in order to be issued a conditional (currently known as "provisional") driver's license or a special restricted driver's license. The bill also includes requirements for school attendance before a special restricted driver's license or a conditional driver's license may be issued. The bill prohibits a conditional driver's license holder or a special restricted license holder from transporting more than two passengers (except for family members) who are under twenty-one years of age unless accompanied by a licensed adult age twenty-one or over.

In addition to current requirements, the bill also provides that a person must pass a specified driver's education course in order to be issued a special restricted driver's license. The bill also provides that for purposes of issuing a special restricted driver's license, the Department of Public Safety must accept a certificate of completion for a student who attends or is attending an out-of-state high school and passed a qualified driver's training course or program equivalent to an approved course or program in this State.

The bill also provides that a person while operating a motor vehicle under a conditional license or special restricted driver's license (currently this provision relates only to special restricted driver's license holders) who is convicted of a traffic offense (currently this provision applies only to point assessable offenses) or involved in an accident in which he was at fault shall have the removal of the restrictions postponed for twelve months and is not eligible to be issued a regular driver's license until one year from the date of the last traffic offense or accident in which he was at fault or until he is seventeen years of age. Currently, removal of the license holder's restrictions is postponed for six months during which period the licensee must be "free of any traffic convictions."

The Committee gave a report of favorable with amendment to **H.3591**. **As reported by the Committee**, this bill **INCREASES THE FEE FOR REINSTATEMENT OF A DRIVER'S LICENSE** to one hundred dollars *for each* suspension on the driver's record that has not been reinstated. Currently, the fee is thirty dollars regardless of previous suspensions. The bill also revises the distribution of the fee by providing that sixty-six dollars of the fee is placed by the Comptroller General into a restricted account to be used by the Department of Public Safety (DPS) to defray expenses of the Division of Motor Vehicles; twenty-nine dollars is placed in the state general fund, and five dollars is credited to the "Keep South Carolina Beautiful Fund" and used to remove litter from roads and highways or to promote anti-litter programs, or both. Currently, twenty-nine dollars of the thirty dollar fee is placed in the state general fund and one dollar is credited to the "Keep South Carolina Beautiful Fund."

JUDICIARY

The full Judiciary Committee did not meet this week. However, on Tuesday April 3, the Judiciary Committee met and gave a favorable report with amendment to **H.3093**. The amendment to this bill was not available in time to be included in last week's Legislative Update.

As reported by the Judiciary Committee, **H.3093** establishes the "**SOUTH CAROLINA PARENTAL REPRODUCTIVE RIGHTS ACT**." This bill requires the Department of Health and Environmental Control (DHEC) to develop a data base in which parents/guardians/person acting en locos parentis may register to prevent DHEC or any other state agency from distributing condoms or other contraceptives to their children under the age of sixteen. This bill also requires DHEC to publish and distribute information concerning registration for this database. **H.3093** prohibits DHEC or any other state agency from distributing condoms or other contraceptives to a child under the age sixteen years, if the child's parent/guardian/person acting en locos parentis has registered with DHEC.

LABOR, COMMERCE AND INDUSTRY

The full Labor, Commerce and Industry Committee met on Tuesday, April 17, and reported out several bills. The committee gave a report of favorable with amendments on **H.3560**, the **SOUTH CAROLINA VACATION RENTAL ACT**. This bill establishes new guidelines for vacation rental transactions. The legislation applies to anyone renting or managing residential property for vacation rental. The legislation does not apply to lodging provided by hotels, motels, tourist camps, campgrounds, and rental timesharing accommodations. A vacation rental is the lease, sublease, or other rental of residential property for a period of fewer than ninety days, but it does not include rental of residential property on a weekly or monthly basis pursuant to the South Carolina Residential Landlord and Tenant Act. The legislation requires an owner or rental management company and tenant to use a written vacation rental agreement. The intentional failure of an owner or rental management company to use a written vacation rental agreement is an unfair trade practice. No vacation rental agreement is valid and enforceable unless the tenant has accepted the agreement as evidenced by at least one of the following: (1) the tenant's signature on the vacation rental agreement; (2) the tenant's payment of any monies towards the vacation rental agreement; (3) the tenant's taking possession of the property subject to the vacation rental agreement. An owner or rental management company in a vacation rental agreement shall place in a trust account any monies received from the tenant. The owner or rental management company may require the tenant to pay all or part of any required rent, security deposit, or other fees in advance of the tenancy. The terms of these advanced payments, which may be nonrefundable, must be stated in the vacation rental agreement. The legislation establishes the rights of involved parties in instances where a property that has been rented under a vacation rental agreement is sold to a new owner. The bill provides that if state or local authorities order a mandatory

evacuation of an area that includes a residential property subject to a vacation rental, the tenant in possession of the property shall comply with the evacuation order.

The committee gave a report of favorable with amendment on **H.3657**, a bill that **EXCLUDES GIFT CERTIFICATES FROM THE UNIFORM UNCLAIMED PROPERTY ACT**. Currently, gift certificates are included under the State's Uniform Unclaimed Property Act which protects consumers from losing money when they have bank accounts, stocks, bonds, uncashed payroll checks, and other items that have remained inactive for a period of five years. This bill eliminates gift certificates from this list of items so that they will not be presumed abandoned and turned over to the State if unclaimed for five years.

The committee gave a report of favorable with amendment on **H.3800**, a bill **REQUIRING WRECKER OR VEHICLE TOWING SERVICES INCLUDED ON LAW ENFORCEMENT CALL ROTATION LISTS TO ACCEPT CREDIT CARD PAYMENTS**. This bill provides that in order for a wrecker or vehicle towing service to be included on a call rotation list maintained by the South Carolina Highway Patrol or any other law enforcement agency, the wrecker or towing service must accept full payment in the form of a valid credit card issued by the two largest nationally franchised credit card companies. The provision is in addition to any other existing requirements for inclusion on such a call rotation list. This provision may not be construed to prohibit a wrecker or towing service from accepting payment by means of credit cards issued by other credit card companies. A wrecker or towing service that fails to comply with this requirement must be removed from the rotation list by the law enforcement agency maintaining the list for thirty days or until the service is in compliance, whichever is later.

MEDICAL, MILITARY, PUBLIC AND MUNICIPAL AFFAIRS

The full Medical, Military, Public and Municipal Affairs Committee met on April 18 and gave a report of favorable with amendment on **H.3447**, a bill **REVISING THE LICENSURE AND REGULATION OF SOCIAL WORKERS**. This bill rewrites the practice act for social workers to make it conform to the uniform administrative framework established for boards and commissions administered by the Department of Labor, Licensure and Regulation (LLR). The bill also makes numerous substantive changes. The legislation creates new definitions for the different levels of social work practice and revises requirements for licensure at each level. The bill provides for a process under which currently licensed social workers are converted to the new licensure classifications created by the legislation. The bill revises the composition of the Board of Social Work Examiners (BSWE) to provide representation of new social work licensure classifications created in the legislation. The legislation adds requirements for client confidentiality and exceptions for legal obligations to report abuse or neglect of a child or vulnerable adult, defense of the licensee in a court proceeding, other court proceedings and where a client presents a danger to himself or others. The legislation also adds an exemption from licensure for government employees who perform social work services as long as they are

performed within the course of their employment and the employees do not hold themselves out to be social workers.

WAYS AND MEANS

The Ways and Means Committee gave a report of favorable with amendments to **S.297**, the **SOUTH CAROLINA CONSERVATION BANK ACT**. **As amended by the Committee**, this bill establishes the South Carolina Conservation Bank (the Bank) as an ongoing funding source governed by a fifteen member board (the Board) and created to:

- Acquire interests in real property from willing sellers in order to protect wildlife habitats, forestlands, farmlands, open space, parks, historical sites, and healthy streams, rivers, bays, and estuaries; for recreational purposes, for scientific study, for aesthetic appreciation, for protection of critical water resources, to maintain the State's position as an attractive location for visitors and new industry, and to preserve the opportunities of future generations to benefit from the existence of the State's outstanding natural and historical sites;
- Encourage cooperation and innovative partnerships among landowners, state agencies, local governments, and nonprofit organizations to meet these objectives.

The bill provides for the Board's appointed and *ex officio* membership, terms of service, and meetings, and requires that all appointed Board members must have a demonstrated background, experience, and interest in the conservation of natural or historical resources. Board appointments would be made by the Governor, the President *Pro Tempore* of the Senate, and the Speaker of the House. *Ex officio* members would be board chairs of the Department of Natural Resources and the South Carolina Forestry Commission, and the director of the South Carolina Department of Parks, Recreation, and Tourism.

In order to operate the Bank, the bill requires the Board to hire an executive director and authorizes the Board to hire staff, to contract for services, and to enter into cooperative agreements with other state agencies.

The bill creates the South Carolina Conservation Bank Trust Fund (the Fund), separate from all other funds, to receive and hold revenues of the Bank. Bank revenues would come from extra fees charged for a special "Conserve South Carolina" license plate which is created in the bill; from a portion of the current One Dollar and thirty cents state deed recording fee; from any sources that the General Assembly may provide by law; and from governmental grants and private gifts and bequests. Beginning July 1, 2002, twenty-five cents of the state deed recording fee would be credited to the Fund. The fee for the special "Conserve South Carolina" license plate would be initially forty-eight dollars every two years, in

addition to the regular motor vehicle registration fee. The bill authorizes the Bank to alter the fee no more than once every two years.

The bill authorizes the Bank to award grants and secured loans (at no interest or at an interest rate determined by the Board) to eligible recipients for the purchase of land, so long as the grants or loans advance the purposes of the Bank. The bill provides specific conservation and financial criteria upon which awarding of these grants or loans must be based, and the bill provides that the more criteria a proposal satisfies, the higher priority it must be given by the Board.

The bill provides required information which a grant or loan applicant must supply; requires the applicant to demonstrate that it is able to complete the project; and requires the applicant to indicate the total number of acres and describe the lands it has preserved in the State. In turn, the Board is required, upon awarding a grant or loan, to set forth specified findings including but not limited to findings regarding the application/applicant which are relevant to the award and how the application/applicant satisfies the provisions and intentions of the bill.

The bill authorizes contiguous landowners and other interested parties to submit to the Board their written support for or opposition to the grant or loan application, and the Board is authorized to hold public hearings if the Board determines that public interest so requires. The bill requires a trust fund recipient receiving funds from the Bank to provide specified, written notification to the owner of the subject land, including notice that land interests purchased with trust funds result in a permanent conveyance of such interests in land from the landowner to the eligible trust fund recipient or its assigns.

Except for transfer from one eligible trust fund recipient to another and upon majority approval of the Board, the bill provides that land interest acquired by an eligible trust fund recipient may not be extinguished, sold, transferred, assigned, alienated, or converted to a purpose other than that set forth in the grant or loan award unless the recipient gains a two-thirds vote of the Board and a majority vote of the State Budget and Control Board, and unless the recipient replaces such land interest with interest in land that meets the criteria in the bill and that is of substantially equal current fair market value, with any deficit being made up by contribution to the Fund.

The bill provides requirements for fund recipients for management and use of land acquired with trust funds, and requires that the Bank submit an annual report containing specified data, to the Governor, Lieutenant Governor, and General Assembly.

The provisions of the bill are repealed effective July 1, 2015, or ten years after the full funding of the Trust Fund, whichever is greater, unless reenacted or otherwise extended by the General Assembly. However, the bill provides that the Bank may continue to operate as if these provisions were not repealed, until the Fund is exhausted or July 1, 2018, whichever occurs first. Any balance in the Fund reverts to the General Fund of the State.

The Committee gave a report of favorable with amendment to **H.3777**. **As reported by the Committee**, this comprehensive bill amends various sections of *Title 12* of the *South Carolina Code of Laws*, relating to the **ENTERPRISE ZONE ACT AND OTHER STATE TAX LAWS**. According to the Department of Revenue and the Department of Commerce, technical amendments in the bill conform state law with IRS law; correct references to provisions in both the Federal and State Codes of Law; move sections for better organization; and insert language that was left out when recodified. These amendments also clarify the specific application of law by the two agencies.

The Committee gave a report of favorable with amendment to **H.3718**. **As reported by the Committee**, this bill enacts the **LAW ENFORCEMENT OFFICER RETENTION INCENTIVE PROGRAM**, which may be offered by an employer to an active member of the retirement system, other than an elected official, who is eligible for service retirement. Participation in the program occurs upon mutual agreement of the employer and the employee.

The bill provides that a program participant retires for purposes of the retirement system, and the participant's normal retirement benefit is calculated on the basis of the member's average final compensation and service credit at the time the program period begins. The participant shall agree to continue employment for a specified period, not to exceed five years. During the participant's program period, receipt of the participant's normal retirement benefit is deferred and placed in a trust fund on behalf of the participant. The program participant makes no further contributions to the retirement system, accrues no service credit, and is not eligible to receive group life insurance benefits or disability retirement benefits. During the program period, a program participant is not subject to the retirement system earnings limitation for reemployed retirees.

Upon termination of employment, the member must receive the balance in the program account either by lump-sum distribution or a tax sheltered rollover into an eligible plan. The bill also includes provisions for a program participant who dies during the program period, and the bill provides that program participants are exempt from the state employee grievance procedure.

The Committee gave a report of favorable with amendment to **H.3175**. **As reported by the Committee**, this bill provides that beginning July 1, 2001, any retired certified school teacher or certified employee may be employed in a school or school district which is in a critical geographic need area or has received a "below average" or "unsatisfactory" academic performance rating pursuant to the Education Accountability Act, without penalty from the South Carolina Retirement System.

The Committee gave a favorable report to **S.163**. This bill **INCREASES FROM TWENTY-FIVE THOUSAND DOLLARS TO FIFTY THOUSAND DOLLARS THE MAXIMUM ANNUAL AMOUNT A RETIRED MEMBER OF THE SOUTH CAROLINA RETIREMENT SYSTEMS WHO IS RETURNING TO COVERED EMPLOYMENT MAY EARN** without affecting the monthly retirement allowance he is receiving from the

system. This provision applies to a retiree who has been retired for at least sixty days. The bill provides that if a retiree returns to employment covered by the system sooner than sixty days after retirement, the member's retirement allowance is suspended while the member remains employed by the participating employer.

The Committee gave a favorable report to H.3818. This bill provides that effective July 1, 2002, **STATE GENERAL OBLIGATION BONDS MAY BE AUTHORIZED BY THE GENERAL ASSEMBLY IN A BILL OR JOINT RESOLUTION ENACTED ONLY IN ODD-NUMBERED YEARS** and only following the enactment in that year of a joint resolution, the subject matter of which is limited to the purpose of specifically allowing a bond authorization for the year. The bill further provides that the joint resolution must be in effect before a bill or joint resolution authorizing bonds may be given first reading in the House or in the Senate.

The bill also provides that a bill or joint resolution authorizing state general obligation bonds may not be given third reading in the House or Senate or reported from a committee of conference or free conference unless it is accompanied by the certificate of the State Treasurer stating that debt service on all outstanding general obligation bonds, when added to the treasurer's estimate of debt service on all such previously authorized but unissued bonds, and the bonds authorized in the bill or joint resolution, regardless of the authorization date, does not exceed the then current limit on debt service imposed pursuant to Section 13(6)(c), Article X of the *South Carolina Constitution*.

The Committee recommitted to subcommittee H.3331, which, for **SALE OF STATE FLEET PASSENGER VEHICLES**, gives first priority for purchase to households receiving Aid to Families with Dependent Children (AFDC) or to non-profit organizations assisting AFDC recipients.

The Committee gave a report of favorable with amendment to H.3695. **As reported by the Committee**, this bill establishes the **DOMESTIC VIOLENCE FUND** (the Fund) within the State Treasury, to be administered by the Department of Social Services for the purpose of awarding grants to domestic violence centers and programs in the state that meet certain criteria. The bill provides that when filing for separate maintenance or divorce, the fee for the first complaint or petition is increased to one hundred ten dollars, forty dollars of which must be credited to the domestic violence fund. The bill would take effect ninety days after approval by the Governor.

The Committee gave a report of favorable with amendment to H.3116. **As reported by the Committee**, this bill, for purposes of South Carolina individual taxable income, increases from five dollars a day to ten dollars a day the subsistence deduction allowance for federal, state, and local law enforcement officers and full-time firefighters and emergency medical service personnel. Upon approval of the Governor, the provisions of the bill would be effective for taxable years after 2001.

The Committee gave a favorable with amendment report to H.3885. **As reported by the Committee**, this bill provides exemptions from sales tax and deed recording

fees for sales, exchanges, and transfers of electric transmission facilities to a limited liability company which is subject to regulation under the Federal Power Act (16 U.S.C. Section 791 (a) and which is formed to operate or to take functional control of electric transmission assets as defined in the Federal Power Act. The bill also amends the South Carolina Income Tax Act relating to the corporate income tax credit for corporate headquarters by allowing certain limited liability companies to be treated as corporations for this purpose.

The Committee gave a report of favorable with amendment to **H.3163**. **As reported by the Committee**, this bill provides a **STATE INCOME TAX CREDIT FOR CERTAIN EXPENDITURES USED TO REHABILITATE CERTIFIED HISTORIC STRUCTURES** located in this State. The bill provides a taxpayer who is allowed a federal income tax credit for such expenditures, a state income tax credit of twenty percent of the expenditures that qualify for the federal credit. The bill provides a taxpayer who is not eligible for such a federal income tax credit and who makes rehabilitation expenses for a certified historic residential structure located in this State, a credit of twenty-five percent of the rehabilitation expenses.

For purposes of these provisions, the bill provides definitions for "qualified rehabilitation expenditures," "certified historic structure," "certified historic residential structure," "certified rehabilitation," and "rehabilitation expenses." The bill provides that "rehabilitation expenses" do not include the cost of acquiring or marketing the property, the cost of new construction beyond the volume of the existing building, the value of an owner's personal labor, or the cost of personal property. The bill provides requirements for claiming the credit and provides that the entire credit may not be taken for the taxable year in which the property is "placed in service" (the taxable year the certified rehabilitation is completed). The credit must be taken in equal installments over a five-year period beginning with the year in which the property is placed in service. The bill provides that any unused portion of any credit installment may be carried forward for the succeeding five years.

The bill includes a provision allowing an "S" corporation, limited liability company (as defined in the bill), or partnership that qualifies for the credit to pass through the credit earned to each shareholder of the "S" corporation, member of the limited liability company, or partner of the partnership. The bill provides that the amount of the credit allowed a shareholder, member, or partner, would be equal to the shareholder's percentage of stock ownership, member's interest in the limited liability company, or the partner's interest in the partnership for the taxable year multiplied by the amount of the credit earned by the entity. The bill requires that a credit earned by an "S" corporation owing corporate level income tax must be used first the entity level, and only the remaining credit passes through to each shareholder.

The bill provides that additional work done by the taxpayer while the credit is being claimed, for a period of up to five years, must be consistent with the Secretary of Interior's Standards for Rehabilitation, and the bill provides for review and inspection of such additional work with the possibility of forfeiture of the unused

portion of the credit if the additional work is not consistent with the Standards for Rehabilitation.

The bill authorizes the Department of Revenue and the Department of Archives and History to promulgate regulations for the administration of the provisions included in the bill.

The Committee gave a report of favorable with amendment to **H.3755**. As reported by the Committee, this bill includes provisions **WHICH AMEND AND IMPACT THE STATE BUDGET PROCESS**. The bill prohibits including in the Governor's recommended budget or in the annual general appropriations bill or in any bill or joint resolution making supplemental appropriations, a provision which: adds to the general and permanent law of the State; amends the general and permanent law of the State, not including amendments applying only for the duration of the fiscal year or for the life of the affected appropriation; repeals any part of the general and permanent law of the State. The bill provides that this prohibition does not apply to a provision imposing, amending, or repealing a tax.

The bill also establishes the Joint Zero-Base Budget and Agency Evaluation Selection Committee (the Joint Committee) consisting of ten appointed members of the General Assembly. The Joint Committee is charged to annually select state agencies for evaluation and zero-base budgeting during times the Committee establishes. An agency budget submitted while an agency is undergoing evaluation must be prepared in the form of a zero-base budget and reviewed accordingly.

The bill also creates within the Legislative Audit Council a government review division (the division) whose purpose is to evaluate state agency programs to determine whether these programs have outlived their usefulness or should be changed to address the needs of the state's citizens and the General Assembly. The bill provides items which the division may consider in this evaluation, and requires that the division hold a public hearing before making its review and evaluation, receiving testimony from the public, from certain personnel of the program of the agency under review, and from any other interested parties. Chairs of legislative standing committees which have jurisdiction over the agency whose program is under review shall sit with the division at these hearings, and the agency providing the program under review has the burden of demonstrating a public need for the program's continued existence. After the hearing, the division is required to report its findings to the presiding officers of the House and Senate, who will then refer the report to the appropriate standing committees.

The bill provides for developing a criteria format and procedure for establishing a termination schedule for the programs of the agencies which are not considered worthy of continuation. The bill includes provisions for terminating such a program and provides that terminated programs may be reinstated by the General Assembly for periods not to exceed five years, excluding the year of termination.

The bill provides that before August, 2001, the Joint Committee shall select four agencies for zero-base budget submission, and these agencies must make their

zero-base budget submission to the Office of State Budget before November, 2001. The Governor is not required under this bill to apply zero-base budget principles in his recommended 2002-03 fiscal year budget for these agencies. Also, the bill provides that these four agencies to the evaluation provisions of the bill.

The Joint Committee is required, before August, 2001, to select additional agencies subject to both the evaluation and zero-base budget requirements of the bill, and the agencies selected shall make their zero-base budget submission before October, 2002.

The Committee gave a favorable report to H.3663. This bill **REVISES THE DEFINITION OF "FEDERAL CREDIT" FOR PURPOSES OF THE SOUTH CAROLINA ESTATE TAX ACT**. Currently, "federal credit" means the maximum amount of the credit for state death taxes allowable by Internal Revenue Code Section 2011, and "maximum amount" must be construed so as to take full advantage of the credit as allowed by the Internal Revenue Code. This bill provides that "maximum amount" must be construed so as to take full advantage of the credit as allowed by Internal Revenue Code Section 2011, but only after taking into account other federal estate tax credits permitted by the Internal Revenue Code and not in excess of the amount necessary to reduce the federal estate tax to zero.

The Committee gave a favorable report to H.3900. This bill **PROVIDES AN EXEMPTION FROM SALES AND USE TAX FOR MEALS OR FOODSTUFFS PREPARED OR PACKAGED THAT ARE SOLD TO PUBLIC OR NONPROFIT ORGANIZATIONS FOR CONGREGATE OR IN-HOME SERVICE TO THE HOMELESS OR NEEDY OR DISABLED ADULTS** over eighteen years old or individuals over sixty years old. This exemption applies only to meals and foodstuffs eligible for purchase under the USDA food stamp program.

BILLS INTRODUCED IN THE HOUSE

AGRICULTURE, NATURAL RESOURCES, AND ENVIRONMENTAL AFFAIRS

H.3978 *INFECTIOUS WASTE MANAGEMENT* Rep. Merrill

This bill revises exemptions from regulation for generators of less than fifty pounds of infectious waste, so as to require sharps to be managed pursuant to the requirements of the "South Carolina Infectious Waste Management Act" and regulations promulgated under it.

EDUCATION AND PUBLIC WORKS

H.3942 JUNIOR RESERVE OFFICER TRAINING CORPS PROGRAMS Rep. Altman

This joint resolution creates a Junior Reserve Officer Training Corps Study Committee (the Committee), charged to study the state and federal laws and procedures relating to establishing Junior Reserve Officer Training Corps programs in high schools and the feasibility of establishing at least one unit of the Junior Reserve Officer Training Corps at each high school in South Carolina.

The bill provides for the composition, terms of service, authority, and responsibilities of the Committee, which is to report findings to the General Assembly by November 1, 2001. The bill requires the Department of Education to provide staff and material support to the Committee without additional compensation or expense to the Department.

The Committee is dissolved on January 31, 2002, unless authorized or continued by law.

H.3972 SCHOOL BUILDING REQUIREMENTS Rep. Thompson

This bill provides that school buildings erected in this State shall conform to applicable building codes, and the authority to design and construct school buildings shall rest solely with the appropriate school board of trustees. Currently, plans and specifications for school buildings erected in this State must be submitted to and approved by the State Superintendent of Education.

H.3975 "IN GOD WE TRUST" Rep. Barrett

This bill requires that principals and teachers in each public elementary and secondary school in the State display (as specified in the bill) in each classroom, school auditorium, and school cafeteria under his or her supervision, the motto: "*In God We Trust.*"

JUDICIARY

S.315 OFFENDER EMPLOYMENT REFERRAL PROGRAM Sen. Thomas

The stated purpose of this program is to aid incarcerated individuals with reentry into their home communities. The bill requires the South Carolina Department of Corrections (DOC) to assist inmates in preparing for meaningful employment upon release from confinement. The bill further requires the DOC to coordinate efforts in this matter with the Employment Security Commission, the Department of Probation, Parole and Pardon Services, the Department of Vocational Rehabilitation, the Alston Wilkes Society, and other private sector entities.

S.316 CONSTRUCTION OF DEPARTMENT OF CORRECTIONS FACILITIES

Sen. Peeler

This bill authorizes the Department Of Corrections (DOC) to contract to have constructed or fund all or a portion of the construction costs associated with certain

facilities. The bill also authorizes the DOC to contract with a county, municipality, or other local governmental or multi-jurisdictional entity to fund all or a portion of the construction costs associated with a community correctional facility, if the appropriations are provided by the General Assembly. Before the construction of a community correctional facility, current law requires the DOC to reimburse the local facility for the cost of caring for each state inmate as provided by contract. Under this bill, the DOC may but is not required to reimburse the local facility. With regards to the designation of places of confinement for a person convicted of an offense against the state, this bill adds municipal and regional detention facilities to the list of locations where these prisoners may be confined.

S.481 HARASSMENT AND STALKING Sen. Holland

This bill amends the definition of the term "harassment" to include written or electronic communication that is initiated, maintained, or repeated after a person has been provided notice that the contact is unwanted.

Under this bill, a person convicted of harassment is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars, imprisoned not more than one year, or both if: (1) the person has a prior conviction of harassing or stalking; or (2) at the time of the harassment or stalking, an injunction or restraining order was in effect prohibiting the harassment or stalking.

Current law provides that a person who engages in stalking is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars, imprisoned not more than one year, or both. **S.481** increases the penalty from one-year imprisonment to three years imprisonment.

Current law provides that a person who engages in stalking when an injunction or restraining order is in effect prohibiting this conduct is guilty of a misdemeanor and, upon conviction, must be fined not more than two thousand dollars, imprisoned not more than two years, or both. **S.481** increases the penalty from two years imprisonment to three years imprisonment.

Current law provides that a person who engages in stalking a person within seven years of a prior conviction of harassment against or stalking of that person is guilty of a felony and, upon conviction, must be fined not more than five thousand dollars, imprisoned not more than five years, or both. Current law also provides that a person who engages in aggravated stalking of a person within seven years of a prior conviction of harassment against or stalking of that person is guilty of a felony and, upon conviction, must be fined not more than ten thousand dollars, imprisoned not more than fifteen years, or both. **S.481** deletes the seven years prior conviction time frame from both these sections.

S.481 also provides that upon the issuance of a restraining order as a condition of bond for the arrest of the defendant for any crime, the magistrate's court shall issue a written copy of the restraining order to the victim in person or by mail within twenty-four hours of the bond hearing. A restraining order issued as a condition of bond has the same effect as any restraining order issued.

With regards to a magistrates' court serving a defendant with a certified copy of the order, **S.481** provides that after reasonable attempts to locate the defendant have failed, service of the defendant must be made by mail return receipt requested to the defendant's last known address. The receipt return must be filed with the magistrates' court. A copy must also be mailed to the plaintiff.

Prior to setting bail, **S.481** allows a magistrate or a municipal judge to order a defendant charged with harassment or stalking to undergo a mental health evaluation performed by the local mental health department. The purpose of this evaluation is to determine if the defendant poses a threat to the victim or possesses a mental abnormality which requires immediate commitment or additional treatment as a condition of bond.

Under **S.481**, criminal domestic violence of a high and aggravated nature would be considered a violent crime.

S.481 completely revises the statute pertaining to unlawful use of a telephone. This bill provides that it is unlawful for a person, by telephone, computer, or other electronic device, with the intent to coerce, intimidate, or harass another person, to communicate or convey to another person a message, which is obscene, vulgar, indecent, profane, suggestive, or immoral. This bill further provides that it is unlawful for a person to repeatedly telephone, or repeatedly send e-mail or other forms of electronic communication to another person, whether conversation or communication ensues, for the purpose of annoying or harassing that person or that person's family. The bill establishes penalties for failure to comply with these provisions.

H.3938 EXPANSION OF STATE GRAND JURY SYSTEM JURISDICTION TO INCLUDE ENVIRONMENTAL OFFENSES Rep. Knotts

The jurisdiction of the state grand jury under this bill would include crimes involving the water, ambient air, soil or land, or both soil and land, including, but not limited to, the State Safe Drinking Water Act, the Pollution Control Act, the Infectious Waste Management Act, the Hazardous Waste Management Act, the Solid Waste Policy and Management Act, the State Underground Petroleum Response Act, and the Atomic Energy Response Act, or any common law crimes involving environmental laws not superseded, or any crime arising out of or in connection with environmental laws, or an attempt, aiding, abetting, solicitation, or conspiracy to commit a crime involving the environment.

H.3939 SHOOTING RANGE NOISE SIGNS Rep. Sinclair

The governing body of each county under this bill may exempt by ordinance all or any part of an area within a radius of one mile from a shooting range from the "Shooting Range-Noise Area" sign requirements.

H.3943 "STRUCTURED SETTLEMENT PROTECTION ACT" Rep. Harrison

This bill outlines procedures to regulate the transfer of structured settlements, including provisions requiring court or administrative authority approval in advance

for the transfer of structured settlement payment rights, and establishing disclosure requirements.

H.3944 VARIOUS MENTAL ILLNESS REVISIONS Rep. Harrison

This bill amends *South Carolina Code of Laws* §44-17-410 relating to emergency mental health admission procedures. This bill allows a person admitted on an emergency basis to be discharged, if before the hearing a designated examiner determines that the person no longer requires involuntary treatment.

The bill amends *South Carolina Code of Laws* §44-17-430 relating to procedures for taking a person into custody for twenty-four hours when they are alleged to be likely to cause serious harm and a physician is not available to examine the person before he or she is taken into custody. This bill provides that if a person is not taken into custody within seventy-two hours of the issuance of the probate court order authorizing taking the person into custody, the order expires. The bill also amends *South Carolina Code of Laws* §44-52-50, relating to procedures for emergency admission for persons who are chemically dependent and in need of treatment. If a person is not taken into custody within seventy-two hours of the issuance of the probate court order authorizing taking the person into custody, the order expires.

This bill authorizes a law enforcement officer to take a person to a mental health facility, if the person poses a likelihood of causing serious harm to himself/herself or others. The bill also authorizes a law enforcement officer to take a person into custody, if the officer reasonably believes the person is suffering from chemical dependency and poses a risk of harm to himself/herself or others.

This bill amends *South Carolina Code of Laws* §44-17-580, relating to mental health treatment of a person found to be mentally ill and in need of involuntary treatment. This bill authorizes the court to require a law enforcement officer to take a person into protective custody, if the person was ordered to outpatient treatment and did not attend.

This bill also amends *South Carolina Code of Laws* §44-17-900, relating to immunity from liability for a superintendent of a mental health facility who legally participated in the release or discharge of a patient from a mental health facility. The bill extends the immunity to directors of facilities, physicians, health care providers, examiners, interested persons, and law enforcement officers.

The bill amends *South Carolina Code of Laws* §44-22-150, relating to the requirement that a person in a mental health facility or a drug abuse facility may not be subjected to restraint, seclusion, or physical coercion unless authorized in writing by a physician. The bill extends the authority to order such treatment to a licensed independent contractor.

H.3946 NONPROFIT CORPORATIONS Rep. Cooper

This bill outlines procedures under which the membership of a nonprofit corporation organized under the provisions of Chapter 36 may elect for the corporation to become a public body politic and corporate.

H.3949 FREEDOM OF INFORMATION ACT REVISIONS Rep. McGee

The bill provides that requests to inspect or copy public records under the Freedom of Information Act must be answered within three days of receipt rather than fifteen days; the bill further provides that the failure to respond bars the assertion of any claim of exemption from disclosure. The bill also outlines procedures whereby a person requesting the records may challenge the public body's claim that there is a compelling governmental interest in secrecy by seeking a declaration from the Administrative Law Judge Division.

H.3950 BOMB THREATS MADE BY A PERSON UNDER THE AGE OF TWENTY-ONE Rep. Kelley

This bill relates to the felony offense of making a bomb threat, so as to provide a driver's license suspension of two years for a person under the age of twenty-one years convicted of or adjudicated delinquent of this offense if the threat was made against a school or school-sponsored event.

H.3951 COUNTY TREASURERS Rep. McGee

Under this bill, the term of a county treasurer appointed to fill the vacancy in an unexpired term is set pursuant to *South Carolina Code of Laws* §12-45-20. The bill also provides that the successor's appointment lasts only until a candidate for treasurer is elected in a general election, takes the oath of office, and receives a bond and commission. At this time the successor's appointment ends, and the successful candidate in the general election assumes the office of county treasurer.

H.3953 CRIMINAL SOLICITATION OF A MINOR AND REVISION OF VARIOUS SEX CRIMES STATUTES Rep. Klauber

This bill establishes the offense of criminal solicitation of a minor. A person commits the offense of criminal solicitation of a minor if he/she knowingly contacts or communicates with, or attempts to contact or communicate with, a minor child known or reasonably believed to be under eighteen years of age, or another person reasonably believed by the person to be a minor under eighteen years of age, for the purpose of or with intent to engage in an unlawful act upon or with a minor. A person who violates this provision is guilty of a felony and, upon conviction, must be imprisoned for not more than ten years and be fined not more than ten thousand dollars.

The bill authorizes the State Law Enforcement Division under certain circumstances to issue a subpoena to obtain specified information from a provider of electronic communication services or remote computing services. This bill also amends *South Carolina Code of Laws* §16-15-445 relating to the seizure and forfeiture of equipment used in committing certain crimes, so as to provide that this provision applies to the crime of third degree sexual exploitation of a minor.

This bill amends *South Carolina Code of Laws* §16-15-375 relating to definitions pertaining to certain crimes against morality and decency. Under this bill, the term "sexual activity" includes any touching of the genitals, pubic area, or buttocks of a human male or female, or the breasts of a human female, whether alone or between members of the same or opposite sex or between humans and animals in an act of apparent sexual stimulation or gratification. The bill also amends *South Carolina Code of Laws* §16-3-800 relating to definitions of certain terms pertaining to offenses related to sexual performance by children. Specifically, the bill revises the definitions of the terms "sexual performance," "performance," and "promote."

H.3959 ROUTE RESTRICTED OR SPECIAL RESTRICTED DRIVERS' LICENSES
Rep. Rodgers

This bill provides that a person who must complete an Alcohol and Drug Safety Action Program (ADSAP) as a condition of reinstatement of his/her driving privileges to obtain a route restricted or special restricted driver's license may use the route restricted or special restricted driver's license to attend the ADSAP classes in addition to the other permitted uses of either driver's license.

H.3963 RACE-BASED TRAFFIC AND PEDESTRIAN STOPS Rep. J.H. Neal

This bill defines the term "minority group" to include persons of African, Hispanic, Native American or Asian descent. The bill provides for the collection and compilation of certain information gathered by a law enforcement officer to determine whether traffic and pedestrian stops he/she makes are race-based. Each law enforcement agency is required by the bill to adopt a policy to discourage race-based traffic and pedestrian stops, and the governor may withhold state funds from a law enforcement agency which fails to comply with the provisions contained in this legislation. The bill allows a law enforcement agency to use certain federal funds to equip its vehicles with video equipment to record traffic and pedestrian stops, and the bill allows local governments to establish civilian review boards or use existing review boards to investigate allegations of misconduct by local law enforcement officers.

H.3964 "CLICK IT OR TICKET" CAMPAIGN Rep. Quinn

This joint resolution directs the Department of Public Safety to cease using its "Click It Or Ticket" campaign as a law enforcement tool whose primary purpose is to detect and issue tickets to seat belt violators on a primary as opposed to a secondary basis.

**H.3965 UNEXPENDED CONTRIBUTIONS BY A CANDIDATE OR
A COMMITTEE AFTER AN ELECTION** Rep. W.D. Smith

This bill amends *South Carolina Code of Laws* §8-13-1370 relating to the use and distribution of unexpended contributions by a candidate or a committee after an election, so as to delete the authority of a committee to distribute these contributions to a political party or another committee.

**H.3979 "SOUTH CAROLINA NURTURING RESPONSIBLE
FAMILIES INITIATIVE ACT" Rep. Cobb-Hunter**

This bill establishes the "South Carolina Nurturing Responsible Families Initiative Act" to develop policies and procedures to reduce dependency on government benefits, to ensure that children from low-income families benefit from the involvement of two parents, and to facilitate the involvement of fathers in their children's lives. The bill establishes the Low-Income Fatherhood Commission to promote involvement of fathers with their children. Under this bill, the Department of Social Services is required to develop a statewide plan to promote father involvement, and the plan must include various state agencies and local organizations in carrying out the statewide plan. The bill also requires state agencies to develop policies and procedures for the dissemination of information and for referral of fathers to service delivery entities that can provide employment and training assistance; to promote the utilization of community-based and faith-based organizations and work development boards in providing services to low-income fathers.

The bill further requires the Office of Child Support Enforcement to develop policies and procedures to assist low-income fathers in paying child support debt. The bill provides for reductions in child support arrearages to low-income fathers who meet certain economic, employment, and payment requirements. The Office of Child Support Enforcement and the Department of Corrections are required: (1) to cross match inmates and child support obligors, (2) to assist low-income fathers in obtaining appropriate child support obligations, and (3) to inform them of their changing obligations upon release.

The bill establishes the Work and Family Reintegration Initiative to help reduce incarceration recidivism through providing employment, educational, training, and parenting opportunities for incarcerated parents. The bill requires the development of community access centers to help provide services to individuals reentering the family and workforce from prison.

**H.3983 RIGHT OF A NONCUSTODIAL PARENT TO HAVE ACCESS TO A
MINOR CHILD'S EDUCATIONAL AND MEDICAL RECORDS AND
RIGHT TO PARTICIPATE IN A MINOR CHILD'S SCHOOL ACTIVITIES
Rep. Allison**

Upon petition of the custodial parent, this bill authorizes the court to examine a noncustodial parent's record for criminal domestic violence, harassment, and stalking in deciding whether to limit the noncustodial parent's access to minor children's educational and medical records and right to participate in their school activities.

LABOR, COMMERCE, AND INDUSTRY

H.3974 INSURANCE REVISIONS Rep. Cato

This bill provides for various revisions to statutes governing insurers.

H.3977 RENTAL OF EMERGENCY CAR PHONES Rep. Snow

This bill provides that telephone utilities or their subsidiaries under the jurisdiction of the Public Service Commission within their service areas must offer customers for a rental fee not to exceed ten dollars a month as set by the commission the option of renting a car phone which only has the capability of dialing '911' or another comparable emergency phone number in cases of emergency.

MEDICAL, MILITARY, PUBLIC AND MUNICIPAL AFFAIRS

H.3968 "DIABETES SCHOOL CARE ACT" Rep. J. Brown

This bill enacts the "Diabetes School Care Act." The bill requires the principal at each public school to designate three employees to be diabetes care providers. The bill also authorizes as employees of the Department of Health and Environmental Control assigned to a school and subcontractors to be diabetes care providers. The bill provides for the training of these care providers and establishes their responsibilities and scope of authority. The legislation allows a student with diabetes to perform glucose tests, administer insulin, and to attend to the care and management of his or her diabetes and to possess necessary supplies and equipment to conduct these functions. The bill requires the Department of Health and Environmental Control to make information and training materials available to private schools. A diabetes care provider acting in accordance with this legislation is immune from civil and criminal liability. A diabetes care provider is not practicing nursing and is exempt from all applicable statutory and regulatory provisions that restrict what activities may be delegated to a person who is not a licensed medical professional.

WAYS AND MEANS

S.559 DEFINITION OF "GROSS PROCEEDS OF SALE" Sen. Finance Committee

This bill amends the definition of "gross proceeds of sale" so as to provide that the definition does not include interest, fees, or charges however described, imposed on a customer for late payment of a bill for electricity or natural gas, or both, whether or not sales tax is required to be paid on the underlying electricity or natural gas bill.

S.496 "S.C. EDUCATION LOTTERY ACT" Sen. Judiciary Committee

This bill provides for a state lottery and creates the South Carolina Education Lottery Corporation to run the lottery. Highlights of the bill include, but are not limited to, the following provisions:

- The South Carolina Lottery Corporation (corporation) and its employees are subject to the South Carolina Consolidated Procurement Code, South Carolina Administrative Procedures Act (APA), South Carolina Ethics Reform Act, and South Carolina Freedom of Information Act.

Legislative Update, April 24, 2001

- Beginning in December 2004 and every three years thereafter, the Legislative Audit Council must conduct a management performance audit of the South Carolina Lottery Corporation.
- The corporation has the authority to adopt temporary regulations to implement the provisions of this legislation. These temporary regulations are not considered regulations as defined by the APA; however, these temporary regulations have the force and effect of law. The only lottery games that may be played pursuant to these temporary regulations are instant tickets and on-line lottery games. A multistate lottery game must not be played under these temporary regulations and may be implemented only when regulations have been promulgated and take effect pursuant to the APA.
- The corporation is governed by a board composed of nine members to be appointed as follows, with mandatory inclusion from each of the state's congressional districts: (1) five members shall be appointed by the Governor with the advice and consent of the Senate, one of whom must be designated by the Governor an at-large member who shall serve as chairman of the board; of the remaining four members, none shall reside in the same congressional district as the others; (2) two members shall be appointed by the President Pro Tempore of the Senate, neither of whom may reside in the same congressional district as the other; and (3) two members shall be appointed by the Speaker of the House of Representatives, neither of whom may reside in the same congressional district as the other.
- Transit advertisements of lottery games or the sale of lottery tickets by the lottery corporation or a lottery vendor are prohibited, whether done directly or indirectly. This prohibition does not apply to lottery retailers.
- The corporation must issue permits to qualified private organizations to conduct raffles intended to raise money for charitable purposes. All proceeds from a raffle after payment of a prize must be expended only for tax exempt purposes of the sponsoring organization.
- The Governor must appoint a Lottery Retailer Advisory Board to be composed of ten lottery retailers, representing the broadest possible spectrum of geographical, racial, gender, and business characteristics of lottery retailers. The Governor also must appoint the chairman of the advisory board. The function of the advisory board is to advise the board on retail aspects of the lottery and to present the concerns of lottery retailers throughout the State. The Lottery Retailer Advisory Board may establish a consumer representatives committee to help provide additional insight on other aspects of lottery retail sales.

Legislative Update, April 24, 2001

- The legislation states that it is the intent of the General Assembly that the corporation encourage participation by minority businesses.
- A person must not sell a lottery game ticket or share at a price other than that established by the corporation.
- Lottery game tickets or shares must not be sold to persons under eighteen years of age, but a person eighteen years of age or older may purchase lawfully lottery game tickets or shares and make a gift to a person of any age.
- No lottery tickets or shares may be sold on the date of any general or primary election.
- During the first year in which the lottery is operational, one million dollars from net proceeds must be remitted to the State Treasurer to be credited to an account, separate and distinct from the general fund, entitled 'Problem and Compulsive Gambling Fund'.
- Unclaimed prize money in excess of the amount to effectuate the purposes of this section, not to exceed ten million dollars annually, must be credited to the South Carolina Department of Education for the purchase of school buses for public education.
- An individual who knowingly sells a lottery game ticket or share to a person under eighteen years of age or permits a person under eighteen years of age to play a lottery game is guilty of a misdemeanor and, upon conviction, must be fined not less than one hundred dollars nor more than two hundred dollars or be imprisoned not less than thirty days nor more than sixty days, or both, in the discretion of the court. It is an affirmative defense to a charge of a violation of this section that the retailer reasonably and in good faith relied upon representation of proof of age in making the sale.
- A person under eighteen years of age who knowingly purchases a lottery game ticket is guilty of a misdemeanor and, upon conviction, must be fined not less than twenty-five dollars and not more than one hundred dollars.
- A district board of trustees must not authorize or order the expulsion, suspension, or transfer, of any pupil under the age of eighteen years who has been found guilty of a misdemeanor for knowingly purchasing a lottery game ticket.
- The corporation must operate as a self-sustaining, self-funded enterprise fund. Monies in the state general fund must not be used or obligated to pay the expenses of the corporation or prizes of the lottery, and a claim for the payment of an expense of the lottery or

prizes of the lottery must not be made against any monies other than monies credited to the corporation operating account.

- There is created as a committee, the South Carolina Education Lottery Oversight Committee, to be composed of twelve members. The oversight committee must periodically, but at least annually, inquire into and review the operations of the corporation and review and evaluate the success with which the authority is accomplishing its statutory duties and functions. The oversight committee must also hold an annual public hearing and may conduct an independent audit or investigation of the authority as necessary.
- From its lottery proceeds, the corporation must pay the operating expenses of the corporation. The second and succeeding years of operation of the lottery, the corporation also must pay operating expenses to the Commission on Higher Education and the Board for Technical and Comprehensive Education for the actual costs of activities related to implementation of activities and programs established by this legislation.
- The corporation must establish a prize structure for each lottery game that is based upon sound actuarial principles and does not rely upon proceeds generated from future or other lottery games. The corporation may establish a lottery reserve fund to further accomplish this purpose.
- On or before the twentieth day of each month, the corporation must transfer to the Education Lottery Account, the amount of all net proceeds during the preceding month. The Comptroller General must establish a restricted Education Lottery Account that the State Treasurer must use to account for net proceeds. These proceeds must not be commingled with any other funds.
- The **FIRST ONE HUNDRED MILLION DOLLARS** in the Education Lottery Account must be appropriated as follows:
 - (4) **fifty percent to the Commission on Higher Education** for free tuition at state technical colleges and two-year public institutions. Lottery tuition assistance at independent two-year institutions must be the same as the maximum in-state tuition rate at a two-year public institution;
 - (5) **thirty-eight percent for the SC HOPE Scholarship Program**; however, from these funds, the University of South Carolina-Aiken and the University of South Carolina-Spartanburg must be reimbursed the total cost of tuition for those students enrolled in the associate degree nursing

Legislative Update, April 24, 2001

program; this amount is in lieu of HOPE scholarships for those eligible students;

- (6) **nine percent to the Department of Education** to be allocated as follows:
 - (a) **eighty-nine percent to K-12 school technology**; and
 - (b) **eleven percent to school-based grants** for pilot programs, to include programs providing deregulation as requested by school districts with an overall absolute or improved designation of average or better, with first priority given to schools reported as average, below average, or unsatisfactory in accordance with the Education Accountability Act;
- (4) **one percent to the State Library** for public library state aid;
- (5) **two percent to the Department of Education to fund homework centers**; these funds must be allocated to the local school districts based on a per pupil basis and may be used for salaries for certified teachers and for transportation costs, provided that priority in the distribution of funds must be given to schools designated as below average or unsatisfactory in accordance with the Education Accountability Act.

- The **REMAINING PROCEEDS** in the Lottery Education Account are appropriated as follows:

- (1) **thirty percent to the Commission on Higher Education for state technical colleges and two-year public institutions for an "institutional impact fee"** to mitigate the impact of increased enrollment at these colleges and institutions as a result of the provision of free tuition;

- (2) **forty percent to the Commission on Higher Education for higher education assistance**, including twenty percent for need-based grants, eight percent for tuition grants, eight percent for grants to teachers for advanced education with priority to annual grants earmarked for teachers working toward their masters' degree or advanced education in their areas of certification, or both, and four percent for the National Guard Tuition Repayment Program; a portion of the needs-based grants generated by the South Carolina Education Lottery must be designated to help off-set the cost of attendance of Pell Grant recipients at two-year public institutions; funding shall not be allocated to institutions to cover the cost of tuition for a student to the extent that a student's tuition is paid by other grants, scholarships, or other

financial aid. A student must not receive reduced financial aid as a result of the implementation of this section;

(3) **twenty-seven percent to the Department of Education** to be allocated as follows:

(a) **twelve percent to K-12 school technology;**

(b) **twenty-two percent to school-based grants for pilot programs**, with first priority given to schools reported as average, below average, or unsatisfactory in accordance with the Education Accountability Act;

(c) **twenty-two percent to the Governor's Reading Initiative;**

(d) **twenty-two percent to the Department of Education to fund homework centers.** These funds must be allocated to the local school districts based on a per pupil basis and may be used for salaries for certified teachers and for transportation costs, provided that priority in the distribution of funds must be given to schools designated as below average or unsatisfactory in accordance with the Education Accountability Act; and

(e) **eleven percent to assist with the establishment of new magnet schools** with any carryover at the end of the fiscal year to be used at the discretion of the State Department of Education; and

(f) **eleven percent to assist with the establishment of new charter schools** with any carryover at the end of the fiscal year to be used at the discretion of the State Department of Education;

(4) **three percent to the State Library for public library state aid.**

H.3947 S.C. COLLEGE INVESTMENT ACCOUNT PROGRAM Rep. Campsen

This bill creates the South Carolina College Investment Account Program (the Program), a college investment plan to be managed by, and made available to the public by, the State Treasurer's Office. The State Treasurer's Office would administer the South Carolina College Investment Account Trust Fund (the Fund), separate from the General Fund and consisting of funds remitted in accordance with savings trust agreements entered into between the Office of State Treasurer and the account owner establishing a savings trust account, which is defined as an account established on behalf of a beneficiary in order to apply distributions from the account toward qualified higher education expenses at "eligible educational

institutions" (as defined in the bill). The bill provides terms and provisions which must be included in the savings trust agreements.

The bill authorizes the State Treasurer to establish a comprehensive investment plan for purposes of this Program and to invest monies in the Fund as specified in the bill. The bill requires that account owners be furnished an annual statement which includes specified information, and the bill requires the Office of State Treasurer to report annually to the Governor, the General Assembly, and account owners, an accounting of the funds and a description of the financial condition of the program at the close of each fiscal year.

H.3948 S.C. COLLEGE INVESTMENT ACCOUNT PROGRAM Rep. Campsen

This bill creates the South Carolina College Investment Account Program (the Program), a college investment plan to be managed by, and made available to the public by, the State Treasurer's Office. The State Treasurer's Office would administer the South Carolina College Investment Account Trust Fund (the Fund), separate from the General Fund and consisting of funds remitted in accordance with savings trust agreements entered into between the Office of State Treasurer and the account owner establishing a savings trust account, which is defined as an account established on behalf of a beneficiary in order to apply distributions from the account toward qualified higher education expenses at "eligible educational institutions" (as defined in the bill). The bill provides terms and provisions which must be included in the savings trust agreements.

The bill authorizes the State Treasurer to establish a comprehensive investment plan for purposes of this Program and to invest monies in the Fund as specified in the bill. The bill requires that account owners be furnished an annual statement which includes specified information, and the bill requires the Office of State Treasurer to report annually to the Governor, the General Assembly, and account owners, an accounting of the funds and a description of the financial condition of the program at the close of each fiscal year.

H.3948 also provides that contributions to a savings trust account as created in this bill by a State resident or a non-resident required to file a State of South Carolina income tax return for any year, are deductible from South Carolina income subject to tax for that year up to the limit of maximum contributions allowed to such accounts under Section 529 of the Internal Revenue Code of 1986, as amended.

H.3954 DEFINITION OF "GROSS PROCEEDS OF SALE" Rep. Easterday

This bill provides that, for purposes of the sales and use tax, the term "gross proceeds of sale" does not include the purchase price paid by the lessee during or at the end of the term of a consumer automobile lease pursuant to the provisions of the lease, to the extent that the sales tax has already been paid on the lease as provided by the South Carolina Sales and Use Tax Act. The bill provides that when the lessee purchases the automobile during or at the end of the term of the lease, sales tax remaining to be paid by the lessee on the purchase price is due and payable at that time.

H.3960 STATE INCOME TAX CREDIT Rep. Sandifer

This bill allows a state income tax credit for premiums paid by a small business for employer-paid employee health insurance. The bill limits the credit to five hundred dollars an employee and allows the credit only for businesses employing twenty or fewer persons, and only if the businesses formerly did not provide such coverage to employees. The five hundred dollar maximum credit would apply for the first two taxable years, then beginning in the third taxable year the credit would decline at the rate of one hundred dollars per year. No credit is allowed if the coverage is dropped or reduced during any taxable year the credit applies.

H.3969 REVENUE BONDS Rep. Carnell

This bill amends the Revenue Bond Act for Utilities and the Revenue Bond Refinancing Act of 1937, by adding a provision that in the case of any contract between a municipality, as the acquirer, and another entity, as the supplier, providing for, among other things, the acquisition by the municipality of capacity with respect to the provision of water, sewer service, electricity, or gas, the aggregate actual cost to the municipality of the capacity portion of the contract shall be deemed to be a financeable improvement to the water, sewer, electricity, or gas system, as the case may be, of the municipality.

**H.3982 COMPENSATION FOR CERTIFIED EMPLOYEES
OF "IMPAIRED" DISTRICTS Rep. Clyburn**

This bill provides that, beginning with the next contract year after a school district has been declared "impaired" by the State Board of Education, the compensation of all certified employees including teachers, administrators, and guidance counselors of this impaired district shall be at a minimum the average compensation paid to equivalent employees in school districts which are contiguous to this district as determined by the State Board of Education.

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